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# NORTH AMERICAN REVIEW.

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## THE DECLINE OF AMERICAN SHIPPING.

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MR. DINGLEY.

It is important to keep in mind the fact that the decline of the American merchant marine, which is deservedly attracting so much attention, is confined to shipping employed in the foreign trade, and does not extend to tonnage in the coastwise trade.

Computing by the accepted rule that one ton of steam vessels is equal in carrying efficiency to three of sail, the American fleet in the coastwise trade in 1855 comprised the equivalent of 3,987,345 tons of sail. In 1860 it was the equivalent of 4,446,387 tons of sail. In 1869, after it had nearly recovered from the effect of the disturbing influences of the Civil War, it included the equivalent of 4,300,892 tons of sail. Notwithstanding the unexampled development of competing railroad systems, which have secured much of the business that would have gone to vessels under former conditions, the official statistics for the fiscal year ending June 30, 1883, show in our coastwise trade a tonnage equivalent to 5,415,970 tons of sail. This is a growth of more than twenty-five per cent. in the last fourteen years, a rate of increase far greater than that shown by the coastwise merchant marine of any other nation. It is worthy of note, also, that not only is our coastwise marine nearly three times as large as that of the United Kingdom, and more than five times as large

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as that of any other nation, but that its freight charges are also lower than those of the home fleet of any other nation.

The American merchant marine in the foreign trade has, on the other hand, steadily declined since 1855. In that year 71.95 per cent. of the tonnage entered at ports of the United States from foreign countries was American. In 1860 the entries of American tonnage had fallen to 66.04 per cent., a decline of nearly six per cent. in five years, or one and a quarter per cent. per annum, in the face of an increase of nearly six per cent. in entries of foreign tonnage. The decline in ship-building for the foreign trade, and in the percentage of our exports and imports carried in American vessels was much greater. During the Civil War the entries of American vessels fell off 23.83 per cent., declining to 42.21 per cent. in 1865. In the eighteen years since the war the decline has been 21 per cent., or about one and a quarter per cent. per annum. The noticeable fact disclosed by the official statistics is that the average annual decline of the American foreign-carrying trade during the five years before the war was about the same as that since the war.

The explanation of this apparent anomaly of the continuous prosperity of the American merchant marine employed in the coastwise trade, and the decline of American shipping in the foreign trade since 1855, after a steady growth of half a century, is clearly indicated by the history of the commercial marines and shipping legislation of the United States and England. The enterprising character of the early settlers of the United States, their location on or near the sea-coast, the opportunities for sea-fishing, the abundance and cheapness of excellent timber for ship-building, and the absence of manufacturing industries and other openings outside of the farm for ambitious young men, early turned the attention of our people to maritime pursuits. This maritime spirit was fostered by the founders of our government, not simply as a source of material prosperity, but also and especially as indispensable to commercial independence and national safety. The first Congress which assembled after the adoption of the Constitution enacted that only American-built vessels should be entitled to an American register or enrollment and license; that the coastwise trade should be restricted to American vessels; and that foreign vessels participating in the business of carrying our exports and imports should be subject to discriminating charges and duties.

Our ability to successfully compete for the carrying trade of the world seemed to be so well assured by our cheap and abundant timber for ship-building, and the strong position which we had already secured on the ocean, that in 1828 Congress finally adopted the policy, partly inaugurated thirteen years before, of inviting the leading commercial nations to unite with the United States in establishing reciprocal maritime relations as to the foreign-carrying trade. Norway and Sweden, which had almost no carrying trade to offer the United States in exchange for the privilege of participating on equal terms in our trade, and whose sailing vessels are to-day seizing those bulky cargoes which foreign steam-ships do not carry, was the first nation to accept our invitation. It was not till October, 1849, that Great Britain accepted our tender, and the vessels of our great ocean rival were admitted to our ports to participate in the foreign-carrying trade on the same terms as American vessels. Fortunately, however, the coastwise trade of the United States was not also opened to foreign vessels in connection with the foreign trade, although England earnestly sought this, and there were not wanting *doctrinaires* who insisted that this course would increase the prosperity of our coastwise marine.

At the time Great Britain accepted our invitation to participate, on equal terms, in the business of transporting our exports and imports, on condition that our vessels should have the same privileges in her ports, experiments in iron ship-building and steam propulsion were going on in that country, which, as early as 1855, began to work a revolution in marine architecture. Inasmuch as the construction of an iron vessel from the ore in its bed involves twice as much labor as the building of a wooden vessel from the timber in the forest, this revolution from wood to iron and sails to steam at once began to deprive the American merchant marine of the virtual protection which it had enjoyed so long as wooden sailing vessels controlled the carrying trade of the world, and to give England, as the possessor of rich mines of iron and coal near the sea-shore, with cheap labor to work them, as great an advantage as we had previously possessed.

While this revolution in marine architecture was gathering volume, the British Government saw its opportunity, and in 1854 established a Board of Trade, making its president a member of the Ministry, and imposed on the board the duty of looking after the interests of the British merchant marine. Under

its lead, Parliament began a careful revision of English merchant shipping laws, with a view of removing every differential charge or burden, and extending every possible facility to her shipping.

Not content with this, the English Government adopted the policy of encouraging the establishment of British steam-ship lines on all the important routes of commerce, by liberal grants for mail service, while the American Congress neither relieved our merchant marine of any of the charges or taxes which England had lifted from her shipping, nor took any steps, beyond two or three spasmodic efforts, soon abandoned, to encourage the inauguration of American ocean steam service. Unfortunately, at the period when general attention began to be directed to the steady decline of our foreign-carrying trade, the Civil War burst upon the nation, and for four years engrossed the energies and capital of our people. While we were bending our efforts to save the nation, England was taking advantage of her opportunity; was building up great iron ship-yards, and was establishing, through government aid, lines of English screw steamers.

The United States came out of the civil war with a third of the foreign-going shipping which she had in 1861, lost through capture by the Anglo-Confederate cruisers, or through sale to foreigners to avoid capture; with an enormous debt and a depreciated currency; and without one iron ship-yard, or one iron merchant steam-ship. In addition to these obstacles to a revival of our foreign-carrying trade, the extraordinary demand since the war, for capital and men to develop the resources of the new West, build railroads, and extend manufacturing industries to meet the wants of a rapidly growing population, has diverted our people from maritime pursuits open to foreign nations, which were proving less and less remunerative, because of foreign competition; while England, from the necessities of her narrow and fully developed territory, and the slow growth of population, has been compelled to seek for something to do for other nations rather than herself, and has seized the carrying trade of the world, because this has been opened to her by all nations on the same terms as to their own citizens.

While the Civil War, and the conditions growing out of or following that conflict, which have been referred to, have accelerated the decline of the American merchant marine in the

foreign trade, and increased the difficulties of its revival, yet the primary causes of that decline antedate the war at least five or six years, and have exerted their adverse influence from that time to the present. These causes have been already suggested in the historical *resumé* that has been given, and may be summed up as, first, the revolution in marine architecture from wood to iron and sails to steam, by which the United States lost an advantage previously enjoyed, and England gained it; and, second, the adoption by England of the policy of removing burdens and extending facilities to her merchant marine, coupled with liberal grants, under the name of mail-pay, to encourage the establishment of steam-ship lines, while the United States has left her merchant marine to care for itself. These causes have been given full play by the adoption of the policy of maritime reciprocity, by which Great Britain and other foreign nations have secured the right to participate in the business of carrying our exports and imports on the same terms as American vessels. The only reason that our merchant marine in the coastwise trade has not gone the way of our foreign-going shipping, is because the former has been protected against the causes which have well-nigh destroyed the latter, by the law which restricts the home trade to American vessels.

It is unfortunate for our merchant marine that there has been an inclination among many to overlook the real causes of the decline of our foreign-going shipping, and to ascribe its decadence to the substitution of so-called protective tariffs for the so-called revenue tariffs of 1846 and 1857, which change, it is charged, "has crippled our foreign commerce, and made it impossible to successfully build iron vessels in competition with England." Three plain facts, within the reach of every one who will take the pains to examine, show how groundless is the allegation that tariff changes have had anything to do with the decline of our foreign-carrying trade.

*First.* Our foreign commerce, which is measured by our exports and imports, increased more than \$1,000,000,000 in the fifteen years after the war, under a so-called protective tariff, against less than \$500,000,000 in the fifteen years before the war, under a so-called revenue tariff. Yet, notwithstanding the unexampled growth of our foreign commerce, American vessels carry but little more than half as much of it as they did in 1855. If our merchant marine in the foreign trade had grown

with our commerce, it would to-day have a tonnage four times as large as it actually possesses.

*Second.* Our foreign-carrying trade prospered equally well under the protective tariff of 1842 and under the revenue tariff of 1846, until 1855-6, and from that time, under the same revenue tariff, it began to decline; and the average annual decline in the five years before the war under revenue tariffs was as great as the average annual decline since the war under a protective tariff.

*Third.* The duties on imported materials for the construction of vessels for the foreign trade are less under the existing tariff in the case of a wooden ship, and no more in the case of an iron ship than they were under the tariff of 1846, for the reason that since 1872 all timber, lumber, hemp, manilla, iron and steel rods, bars, spikes, nails, bolts, copper and composition metal, and since March, 1883, all wire rope needed for the construction, equipment, and repairs of vessels to be employed in the foreign trade, may be imported free of duty, while under the tariff of 1846 nearly all of these articles paid a duty.

Within a few years the view has been industriously disseminated that the proper and only efficient remedy for the decline of the American foreign-carrying trade is "free ships"; or, in other words, the repeal of that provision of the navigation laws of 1789 which restricts the right of American registry to American-built vessels, and the substitution of an enactment allowing the admission of English-built vessels to an American register free of duty. Among the serious objections to free-ship legislation are the following:

*First.* Free-ship legislation would be practically the adoption of a policy looking to English rather than American ship-yards for whatever vessels we may require for deep-sea service. The suggestion that Germany has found her free-ship policy leading up to the establishment of iron ship-yards in that country is not pertinent to the situation of the United States. Germany had as cheap labor as England to work her mines and build her vessels, and therefore was under no disadvantage except want of experience in competing with the latter country.

The United States, on the contrary, have not only the disadvantage of want of experience in iron ship-building, which is soon overcome when other conditions are equal, but the greater and constant disadvantage of higher wages for labor. In time, our

ship-builders can overcome both of these disadvantages, provided they are encouraged to invest the large capital required. But if the Clyde builders, with all the advantages that they possess in well-established ship-yards and cheaper labor, should at this time be allowed a free market for their vessels in this country, it is unreasonable to expect that any one would risk capital in building up a new industry exposed at the start to such unequal competition.

Stress is sometimes laid on the fact that the free-ship programme, as at present formulated, applies only to vessels for the foreign trade. While this is true, yet it is well understood that this restriction is made simply to drive an entering wedge. Most of the free-ship advocates who have appeared before Congressional Committees, when pressed, have conceded that few persons would think of buying foreign-built vessels and giving them American registers unless they could use them in our coastwise as well as foreign trade.

*Secondly.* A free-ship policy would not revive the American foreign-carrying trade. All history shows that ship-building and ship-owning are linked together. It is only the nation which can build its own ships that can permanently maintain a strong merchant marine. No example can be found of a people who have obtained any prominence on the ocean unless they have pursued a policy looking to the home construction of their own vessels.

It is significant that most of the practical ship-owners who have appeared before Congressional Committees, in response to the inquiry as to whether free ships would permanently revive the American-foreign carrying trade, have expressed a negative opinion. A director of the largest American steam-ship company in the foreign trade, in reply to this question, said that his company had investigated the subject, and had found that they could buy such iron steam-ships as they are using twelve per cent. less on the Clyde than in this country; but that this difference is not sufficient to compensate for the difficulties and delay which would arise from being obliged to send to England, where the patterns would be, to duplicate important parts of the machinery of a foreign-built vessel in case of accident.

Another prominent ship-owner remarked, in response to a similar inquiry, that any American who would buy a British-



built vessel to save the small\* difference in first cost, would prefer for the same reason to give such a vessel a British rather than an American register, as by so doing he could save more money in sailing his vessel than in the original purchase. If the chief object sought is to secure the profits of the foreign-carrying trade for American citizens, we need no legislation, for Americans already have the right to buy almost the entire interest in any British vessels, and pocket the profits of the business which they may secure.

It is often claimed that the rapid growth of England's merchant marine is due to her adoption of the free-ship policy in 1849. But this is an error. For four years after England adopted this policy the tonnage of the shipping of the United Kingdom increased very slowly, while that of the United States grew more rapidly than ever before. Had it not been for the great revolution in marine architecture which came to England's aid, her shipping would have continued to fall behind ours. This is admitted by so high English authority as Mr. W. S. Lindsey, the most prominent promoter of the British legislation of 1849, who, referring to the first year's results of that legislation, says, in his "*History of Merchant Shipping*":

"Our [the British] ship-owners naturally viewed with great alarm the rapid strides made by American shipping. Nor were their fears allayed by a reference to the Board of Trade returns, wherein it appeared that while the increase of British shipping had in the year previous to repeal been 393,955 tons, there had been a decrease in the year after repeal of 180,576 tons. Our position appeared, therefore, critical; and had it not been for the resources we held within ourselves [referring to iron, coal, and cheap labor], and the indomitable energy of our people, foreign shipping might then and there have gained an ascendancy which might not afterward have been easily overcome. . . . We had one advantage which our great American competitor did not possess. We had iron in abundance, and about this period [1852-3] we were specially directing our attention to the construction of iron ships to be propelled by the screw."

*Third.* Outside of all commercial considerations, there is an overshadowing and intensely vital reason for dismissing any

\* Recent statements of prominent ship-builders show that the difference in cost of building iron vessels in this country and England is diminishing from year to year. Messrs. Gorringe and Cramp, of Philadelphia, Roach, of Chester, Penn., and Gibbons, of Wilmington, Del., state that the difference to-day does not exceed eight per cent. for iron sailing vessels, twelve to fifteen per cent. for such passenger steam-ships as are found in the leading trans-Atlantic lines, and fifteen to twenty per cent. in iron steamers built mainly for freighting purposes. All claim that a vessel built of American iron is better than one built of English iron.

policy which practically proposes to rely upon England's ship-yards to supply whatever vessels may be wanted for our merchant marine in the foreign trade. This reason is, that it is necessary for the safety and defense of the United States to maintain within our territory extensive and thoroughly equipped ship-yards, with skilled mechanics, in order that the Government may have them in readiness to speedily build a fleet of armed vessels and transports in case of war. Navy yards cannot be maintained to an extent beyond the demands for repairs of naval vessels and the slow construction of war vessels in time of peace. England, with her immense government establishments, has built only nineteen per cent. of her war vessels in her navy yards. In time of actual or threatened war, she relies almost entirely upon her great private ship-yards.

Nearly all the great fleet with which our Government blockaded Confederate ports and made it possible to crush the rebellion, were built in our private ship-yards. The little Monitor, which probably saved the great cities of the North from bombardment and destruction by the Merrimac, was built in the brief period of a hundred days in one of our private ship-yards. In what condition would our country have been at the opening of the rebellion, if she had adopted the free-ship policy in 1856, discouraged American ship-yards by admitting English-built ships to American registry free of duty, and relied on the Clyde builders for vessels needed to close Confederate ports! In what condition would our Government be in the event of a war with England, if we should now adopt the policy of looking to the Clyde ship-yards for vessels, instead of maintaining ship-yards to build them at home!

The necessity of an American merchant marine in the foreign trade does not arise from the desirability of securing the profits of the business; for these can be secured as well by American ownership in British as in American vessels. It arises from the importance of preserving our commercial independence and securing safe transportation for our exports and imports in the event of wars between foreign nations, and from the necessity of maintaining a body of trained seamen who may be called upon to man our navy. And the necessity of extensive ship-yards arises from the fact that they are essential to maintain a strong merchant marine, and to build armed vessels and floating defenses in time of war. The cheapest and only effective way in which the United States can be put in a position to meet

other great maritime powers on the ocean and in the waters of our own coast, in case of war, is by encouraging the development of a large merchant marine built in our own ship-yards.

The problems to be solved, in order to revive our merchant marine in the foreign trade, do not relate so much to the successful building of vessels as to making it as profitable to sail vessels under an American as under a British register. Wooden sailing vessels of the best quality we already build as cheaply as vessels of similar quality can be built anywhere. Iron ship-building is only ten years old in this country. Indeed, it is only five years since a return to specie payments and normal prices gave us a fair start. Already, some of our iron ship-builders, by availing themselves of the provisions of the Act of 1799, which allows on reëxportation a drawback of ninety per cent. on imported materials used in building a vessel or manufacturing any other article on foreign account, have been enabled successfully to compete with English builders in the construction of iron and steel river steamers for Brazil merchants. With an extension of the Act of 1872, which allows a rebate of duty on certain materials entering into the construction of American vessels on domestic account for the foreign trade, so as to cover a wider range of such articles as can be advantageously imported to work with American materials, it is the opinion of men well qualified to judge, that without adverse legislation, iron and steel steam-ships will within ten, if not five years, be built as cheaply in the United States as on the Clyde.

The great obstacle to the revival of the American foreign-carrying trade is the fact that our English rivals can sail their vessels more profitably than we can sail ours, even when of substantially the same cost. In the case of sailing vessels, manned as they are largely by Swedes, Norwegians, Portuguese, and Italians, who also man British vessels, the difference arises mainly from the fact that our antiquated merchant-shipping statutes and other laws impose upon American vessels charges and taxes long since removed from the vessels of our foreign rivals. In the case of steam-ships, which require a different class of men, the difference arises not only from differential charges imposed by our laws, but also from the higher wages paid to American employées. The vice-president of the Philadelphia Steam-ship Company, the only American line plying between the United States and Europe, recently stated that his company

is considering the expediency of selling their vessels to an English company, for the reason that they can be sailed more profitably under the British than under the American flag. The removal of all differential charges, fees, taxes or burdens, imposed by law, which increase the cost of sailing an American vessel, is obviously the first step in any policy intended to revive our foreign-carrying trade.

There is another and more important reason for the success of the British merchant steam-marine, and that is the fact that the English Government has for more than thirty years steadily pursued the policy of encouraging the establishment of British steam-ship lines on all the routes of commerce, by granting them liberal mail-pay, while the United States have been deterred from adopting a similar policy by the cry of "subsidy." For many years, England paid her steam-ship lines from five to eight million dollars annually for mail service, increasing the pay whenever it was necessary to overcome competition, and reducing it when rivals had been driven off. The last fiscal year for which the figures are at hand, she granted about three million dollars for ocean mail service, of which almost every dollar was paid to British vessels.

In the last fiscal year the United States paid only \$313,545 for ocean foreign mail service, of which less than \$50,000 was paid to American vessels. We compel American foreign-going vessels to carry letters any distance for two cents each, but foreign vessels have the privilege of making their own contracts. We paid the American steamers which ply between San Francisco and China, Japan and Australia, for mail service, a "subsidy" of \$14,171. England paid her China and East India lines, for "mail service," the sum of \$1,790,000. We paid the American line to Brazil, for mail service, the munificent "subsidy" of \$4,619; England paid her Brazilian line, for mail service, \$56,690. We paid the American lines to the West Indies \$12,298; England paid her West India lines \$406,811.

We grant liberal mail-pay to coastwise steam-ship lines that have no foreign competition, without calling it "subsidy"; but when we come to American steam-ship lines that are struggling in the face of the sharpest British rivalry, we seem to begrudge the merest pittance. We can properly pay the Cedar Keys and Key West coastwise steam-ship line, whose route covers only three hundred miles, \$31,000 per annum, under the name of

“pay for mail service”; but if any Congressman should propose a bill to give proportionate compensation to American steam-ship lines to Australia, South America, and Europe, he would be silenced by the cries of “subsidy” which would be raised.

In the face of the fact that, since the screw steam-ship became the vehicle of foreign commerce, the nation which establishes and successfully maintains steam-ship lines controls the trade of the world and commands the ocean in time of war, it is incomprehensible that the representatives of the American people, who have been ready to vote millions of money and hundreds of millions of acres of valuable lands to build railroads, and vast sums to improve rivers and harbors, should be so unwilling to expend two or three millions annually in the form of mail-pay to encourage the establishment and maintenance of American steam-ship lines to foreign countries. By so doing we should not only foster profitable commercial relations, but also maintain our commercial independence and, above all, provide ourselves with a fleet and ship-yards that will be indispensable for national defense in time of war.

NELSON DINGLEY, JR.

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MR. CODMAN.

VARIOUS “shipping bills,” some of them emanating from the Shipping Committee, some from the Committees on Commerce, and some containing the panaceas of individual members, have been reported to the Senate and House of Representatives at Washington. One or more of them may possibly be discussed. It is therefore appropriate to review succinctly the history of what is familiarly known as the “decadence of our commercial marine,” and of the abortive attempts that have hitherto been made to overcome it.

Pamphlets innumerable have been written, newspaper columns have been filled and speeches have been made, and yet the public mind is rather confused than enlightened. All that is known, and that is known by everybody, is that the American carrying trade has been going, is still going, and, at its constantly accelerated rate of downward progression, will soon be gone, entirely out of sight. Few treatises upon the subject have been more able than the prize essays published lately

in the "Proceedings of the United States Naval Institute." They were written by some of the most intelligent officers of the navy, and are entitled to respectful consideration, not only because of the opportunities afforded their authors thoroughly to investigate the subject by the observation gained in their profession, but because of the impossibility of ascribing to them corrupt motives. Their own characters are a guarantee against such suspicion, and the fact that the merits of their respective theses were to be considered and decided upon by a board of their seniors, adds, if possible, to their claim to impartiality.

Every one of the competitors is led to the same inevitable conclusion, that although some minor obstacles, which will undoubtedly be removed by the present Congress, have stood in the way of economy in sailing our ships, the one important factor lacking is the gift of that freedom to buy and to sell, which is accorded to the people of all other countries excepting our own, the want of which has been the cause of our much-lamented decadence. Those whose personal or political interests lead them to take an opposite view of cause, effect, and remedy, argue with such self-assurance as to win general assent to their assumption that the decadence commenced with the outbreak of our Civil War, and that England then with malice prepense, fitted out piratical cruisers directed to the destruction of our "commerce," by which they mean our ships, so that these being out of the way, she could thenceforth remain the sovereign of the seas. Not only have these staple assertions become stereotyped, but the hallucination is still entertained that whatever Great Britain did, does, or proposes to do touching her shipping interests, by simply permitting the independent action of her subjects, is part of a nefarious scheme concocted with the deliberate purpose of driving every American ship from the ocean.

Now, it is not only untrue that the Civil War entailed general injury upon our ship-owners, but it is not difficult to demonstrate that while comparatively few of them suffered from it, the majority, upon the whole, were actually benefited. The Alabama and her consorts destroyed some of our ships, for which the British Government afterward paid. Others were nominally transferred to the British flag, under which they earned good freights, with all the advantages of better marine laws and the protection of a more efficient navy. They were only prevented after the war from hoisting the American flag again for

the remainder of their short lives, by the ship-building lobbyists. But many more of them were sold *bona fide* at high prices to foreigners, and when Peace came again to find what a maritime revolution had taken place in her absence, caused by the introduction of iron sailing ships and iron screw steamers, these worthless wooden hulls, well sold to foreigners, were condemned to rot in foreign docks instead of in our own. That was precisely the effect accomplished by the Civil War upon our commercial marine.

And yet Mr. Lynch, of Maine, representing a ship-building district, and holding the chairmanship of the first committee appointed in 1870 "to investigate the decadence of American commerce," by which Congress meant the decadence of ship-owning, and which that enlightened statesman understood to mean the decadence of wooden ship-building, reported that these depredators had destroyed the industry of Maine, whereas it was patent that if that class of ships had been worth replacing, the industry would have been immediately and most profitably stimulated. He accordingly recommended bounties in the view of enabling an obsolete style of naval architecture to compete with the new mechanism developed in iron steam-ships. Of course, the object of Mr. Lynch was to obtain a reelection; but that his views should prevail with the committee was not creditable to their intelligence. All its members, with the single and honorable exception of Mr. Holman, of Indiana, signed this infamously stupid report. When a motion to print it came before the Senate, and some one moved that it be laid upon the table, Senator Davis, of Kentucky, suggested, by way of amendment, "that it be kicked under it." If the Civil War had never supervened, what would have been the value to-day of that whole fleet, none of the vessels being large enough for the California trade, which is all that remains for us; and if, under the stimulus of bounties, other wooden ships had been built, who for any other purpose than that of fire-wood would accept them as a gift?

We now approach that other staple argument, so aptly termed by Mr. David A. Wells "the historic lie." It has been again and again repeated in Congress, before committees and by the press, until, like the "Alabama" story, it has been taken without investigation to be true. Within a year its chief narrator rehearsed it before the peripatetic Senate Committee on Capital

and Labor with astounding effrontery, in these terms: "Great Britain has subsidized her ship-builders, and placed them in a position where there could be no opposition. Twenty-five per cent. of the capital invested in ship-building is drawn from the English treasury and paid to English ship-builders in order for them to break down American competition!" That terribly malevolent England, it would seem, carries on her business not for profit but for spite!

An illustration of "British vindictiveness" was given by Mr. Wm. H. Webb two years ago, before the Finance Committee of the Senate. He told them how cruelly a fast line of British iron screw steamers had run off some old wooden side-wheelers, owned by him, which made occasional and prolonged voyages to the North Sea, but he forgot to mention that the British line was not subsidized. At the same meeting a protest was entered against the repeal of our prohibitory navigation laws by the large deputation of ship-builders, out of pure regard to their weak-minded countrymen, who, they maintained, would, if liberty should be given them, expend their money in the purchase of old unseaworthy craft which have been condemned as unfit for British use!

After their manipulation of that extraordinary Lynch Committee, it is, perhaps, not surprising that the ship-builders should place a low estimate upon Congressional brains. On every occasion when there is to be a hearing before a committee, their persevering leader is sure to be present with an armful of documentary evidence to prove that Great Britain has subsidized certain lines of steam-ships. Nobody has ever thought of denying it. In the early days of steam navigation, when small wooden side-wheel steamers could transport scarcely anything beyond fuel, passengers, and mails, it was necessary for the postal department to pay them liberally for carrying letters which would otherwise have been sent by sailing vessels. It was quite as necessary as it would be, and frequently is, for our Postmaster-General to pay a high price in some of the Western States and Territories to stage-coach companies, which would not otherwise have patronage enough to induce them to run their lines. But these facts do not indicate that the British Government granted subsidies for the promotion of ship-building, any more than that the American Government is a partner in the coach-building industry.



England's mail operations for the benefit of her people and of her trade are carried on over the waters, as ours, for precisely the same purposes, are carried on over the land. Each nation employs the vehicles that are best suited to its purpose. As on our northern borders we subsidize a stage-coach company, without asking if the wagons are built or the horses raised in the United States or in Canada, so England, to carry the mail to her colonies and dependencies, subsidizes steamship companies without dictation or inquiry as to the country in which their ships are launched. It is enough for her that, as a part of the condition of hire, they shall carry her flag and be subject to her laws, so that in case of war she may demand their services as transports. This practice is a flat denial of the story, so often repeated, that "England encourages her ship-building by liberal subsidies," which is made to carry the inference that we should go and do likewise. Nay more, while it is a fact that several foreign-built steam-ships are earning subsidies under the British flag, oftentimes even this qualification is not insisted upon. Steamers under the French flag are paid for carrying British mails in the South Pacific; and two of the Pacific Mail Company's ships, under the American flag, do not disdain to earn British gold by carrying British mails between Australia and California.

In one respect mail steam-ships have been of benefit to the general carrying trade, while in another they injure it. A well-established postal intercourse, such as now exists, without further call for subsidy on the part of any nation, encourages trade by affording regular and rapid communication all over the globe. On the other hand, a subsidized line of steam-ships manifestly works injustice to unsubsidized steam-ships and sailing vessels plying between the same ports. If Americans complained that unsubsidized British steam-ships ruined their business, how much more aggrieved they would have been if "vindictive England" had aided their opponents with a subsidy? And while they would have been duly grateful to Congress for aid granted to themselves, would they have been at all pleased if it had been afforded to an opposing American line? The necessary subsidy given by England for postal purposes, so far from meeting the general approbation of her ship-owners, has always afforded a just ground for complaint to the owners of independent lines and single ships competing

upon the same routes. British ship-building and ship-owning are thriving, not because of subsidies, but in spite of them. It is therefore evident that if Congress should subsidize certain lines upon certain routes, so far from encouraging American ship-building beyond the launching of a few monopolizing steam-ships, it would effectually bar all competition.

The advocates of subsidy frequently cite the example of France, a nation that, against the fiat of nature, is assiduously striving to become nautical. They forget to mention that her subsidized lines of steamers are mostly built in Scotland; and when they tell us how, in addition to steam-ship subsidies, she pays an actual bounty on every ton of shipping under her flag, they carefully avoid allusion to the fact that the bounty is so graduated that the vessels can be built with more profit in Scotland than at home. And this is the novel way in which "France protects her domestic ship-building"!

When we are counseled to imitate Germany, it is by those who are so ignorant, or who imagine that others are so ignorant, as to suppose that Germany has, for any purpose whatever, adopted the policy of subsidizing her ships. She owes the whole of her maritime success to the better, cheaper, and more natural policy of free ships. Availing themselves of the liberty denied to American citizens, when the transition took place from wooden sailing ships to iron steamers, her people appropriated the trade which we had hitherto enjoyed, by purchasing steam-ships upon the Clyde, which necessitated the education of seamen and the building of repair shops at home. The result of it is that she is not only competing with England in the carrying trade of the world, but is now building nearly all the ships she requires in her own yards. Free ships, which she had,—not subsidy, which she never had,—have done this for Germany. In short, the chimerical idea that the industry of ship-building could only be maintained by paying favored individuals a high price for carrying letters, never entered the heads of any people except Americans, and here it is chiefly centered in the brain of one man.

If neither the Civil War nor the British practice of subsidizing mail steam-ships has been the cause of our decadence, where shall we look for it? Is it altogether in the tariff? A ship-builder whose authority as to the cost of materials ought to be entitled to credence, has said repeatedly that ninety per cent. of the cost

of a ship is in labor. Let us suppose that a steam-ship of three thousand tons costs, in round numbers, five hundred thousand dollars. Upon the ten per cent. value of material, the duties, if it should all be imported, could not certainly amount to more than five or ten thousand dollars, and that is all that the tariff can have to do with it. Is it, then, the tariff that causes the laborer's living to cost him more, and consequently forces him to demand higher wages? We shall see if we go back to some records made in 1857, four years before the Civil War commenced, and when the tariff under which we were living was exceedingly moderate, as it was levied rather for revenue than for protection. The decadence had begun even before that time.

When employed in the Black Sea during the Crimean war, from 1854 to 1856, I was constantly in company with a large fleet of unsubsidized British iron screw steamers, which were already supplanting sailing vessels. After the war was over, with a desire to know why we could not build similar vessels at home, a correspondence was instituted, embracing some statistics forwarded by several firms on the Clyde, which I caused to be published in the "New York Journal of Commerce," commending them to the attention of our own ship-builders, and introducing them with these comments, which are as appropriate to the present situation as they were to that of 1857, since which time they have been too abundantly confirmed:

"Protection is afforded to give us an opportunity to learn to manufacture for ourselves as cheaply as others can manufacture for us; but if, after a fair trial, we will not or cannot learn, a longer continuance of what was intended for a benefit results in a manifest injury to the millions. While we are learning, England is using her advantages; and not only England, but through her agency other nations with whom we have commercial relations are profiting by them. Their merchants, captains, engineers, and sailors are carrying on our trade, and taking the bread from our mouths. We can build as good if not better sailing ships for the same money than the English, and they were perfectly aware of this when, by what seemed a suicidal policy, but what has since proved one of far-sightedness, they admitted all foreign vessels to the privilege of wearing the British flag. Thus they carry their own goods in their own vessels at a cheaper rate for their own people, instead of allowing these vessels under another flag to be earning money for people of another nation."

Herein, if any one will candidly and attentively consider, he will find the solution of the whole problem of our decadence. There had been no war; there was a very moderate tariff;

there was no depreciated currency; and still we did not, because it was made evident that we could not, build steam-ships or sailing ships of iron for foreign trade as well and as cheaply as Mr. Little, Mr. Denny, and other shipwrights were turning them out upon the Clyde.

There is no American ship-builder remembering 1857 before whom these statistics were placed, who will pretend that he could compete with the Scotchmen. Else why did he not? Was it because he did not have the plant? Was there not capital here as well as in Scotland to supply it? We are told that capital has sought investment in the far West, and is not attainable for navigation. Was this true in 1857? What has since driven it all to the West? What but the absolute prohibition of ship-owning? We were allowed to own all other useful and useless articles without manufacturing them. But ships, the tools of commerce, the merchant could not own unless he had them built at home. So, for want of tools, the merchant must perforce give up his business when American mechanics acknowledged their incapacity to meet his demand. Why could they not build the ships we needed then, and need now, on the Delaware? Was it not as good a river whereon to launch a vessel as the Clyde? Was not land as cheap for the location of shops upon its banks? Was it because we did not have the iron, which we are constantly told is infinitely superior to the British product? Was it because a people who pride themselves on their inventive powers could not introduce machinery? Was it because we needed equal subsidies or "postal contracts"? What assistance of this kind was afforded to the hundreds of private steamers and sailing ships of iron that were being built in Great Britain, and profitably employed by British subjects?

Mr. Roach himself answered these questions when he said that "labor constitutes the chief cost of iron ships." And labor in ship-building, forsooth, must be protected, while labor consequent upon ship-owning must be destroyed! There certainly was not any inability to sail ships in competition with Englishmen. We had an abundance of captains, officers, and sailors who had served in wooden ships, and who would gladly have availed themselves of the opportunity to obtain employment upon the same terms in the class of vessels that had superseded them. Why, then, was the privilege denied them? Why, in pursuance of a policy that should forthwith have been abandoned,

were these men deprived of the occupation by which they had before gained their livelihood? Why, as a class, are they now almost extinct?

Moreover, of what account are the arguments for protecting labor by a high tariff, when it can be shown that the difference between British and American labor was as great then as it is now, and that the American could buy more with his money than he can buy to-day? It is the demagogue and the monopolist who cry for the "protection of labor." In this country the laborer himself does not ask for it. If he did, he would demand that his competitors, whom his employers are constantly importing, should be excluded. God gives it to him, without his prayers, in the boundless opportunities offered him in this broad land, which do not depend upon tariff or free trade, Republicanism or Democracy. But while labor is independent, it must not be tyrannical. The ten thousand ship-building employés for the coastwise monopoly—if there are as many in the United States—cannot, at their prices and with the profits their employers demand, build the ships in which a hundred thousand seamen desire to sail; hence they must not longer hold their grip on men who, by buying vessels abroad, would employ ten times more labor on the sea in manning the ships than is employed on the land in building them. They must not say to the Government, "We are ready to build ships for your navy, but you shall not, as in former days, have a nursery of sailors to serve in it. You must depend, as you do now, on foreign hirelings." They must not say to the American merchant, "If you wish to own a ship for foreign trade, you must continue to own her, as you do now, under a foreign flag." And they shall not longer compel the American ship-master, brought up under the stars and stripes, to sail under the flag of which Englishmen may well be proud, but to which he owes no allegiance.

Let it be remembered that in the building of a wooden sailing ship neither plant nor labor bears the same high proportions to material as in the construction of the iron steam-ship. If we go back to ten years before the period we have just been considering, we shall find that, nearly all business being done in wooden sailing ships, the cheaper labor in England compensated for the higher cost of material; while on this side of the Atlantic the conditions were reversed, the abundance of timber compensating for the more liberal wages paid to our mechanics.

Thus it was that England and America competed on about equal terms in the business of wooden ship-building and ship-owning. According to the present ship-builder's theory, if there had been any inequality, the parties suffering from it should have been recompensed by a subsidy, or "postal contract," to encourage the style of ship-building peculiar to that period.

Having gone back to the year 1847, to consider the time when both nations were upon such an equality in ship-building that the prohibitory navigation laws common to each had no appreciable effect upon the prosperity of either, let us advance two years to the epoch when the gold discoveries in California and Australia so stimulated the carrying trade of the world, and when American mechanics took advantage of the opportunity to exercise their ingenuity in building those splendid clippers which far surpassed any vessels that had ever been built in either country in model and in speed. What, according to the theory so often cited, should have been the policy of England at that crisis? What else but to offer a bounty, or a "postal contract," to her ship-builders to enable them to get upon an equality with their Yankee rivals?

Remember that we are always told that we should "imitate England." Well, what did England do? Did she appoint an investigating committee, which accomplished nothing, and then, after waiting thirteen years, did she appoint another, which achieved the same result? Did she consider the interests of a few ship-builders to be paramount to those of the nation, which should be allowed to go to ruin lest these individuals should be in any degree molested?

There were fifty times more ship-builders then in Great Britain than there are now in the United States; but the proportion of the people was infinitely greater than that of the ship-builders. So it is now with us, who are afraid to legislate for the nation lest half a dozen firms on the Delaware may be obliged to curtail their profits. The British Parliament could not, like the American Congress, be held in the hands of one ship-builder; but when it became evident that for want of building wooden vessels of improved pattern as well and as cheaply as they could be built in the United States, whatever the reason for it might be, the country was losing its carrying trade, it resolved that, even if British ship-building might suffer a loss, British ship-owning, which was regarded as of immeas-

urably greater importance, must not, and should not, lose its prestige.

Then came from her ship-yards the identical howl which has frightened Congress for the last twenty-five years, running up the same gamut of direful prognostications: "Paralysis of home industry, dilapidated ship-yards, dependence on a foreign power for ships in time of war, and the national disgrace of flying the British flag over foreign-built ships." Our ship-builders have copied the music note for note, and whenever a Congressman from one of their districts has occasion to discuss this question, he sings the same plaintive song. It forms the grand basis of opposition to free ships, and often comes discordantly from the very men who tell us that we have no occasion to go abroad for vessels, when by their superior skill and machinery they can build them for us as cheaply at home! But England was not frightened into submission. She swept her prohibitory navigation laws away like cobwebs, and her subjects were allowed to buy ships anywhere to use everywhere, as if they had been built at home. Merchants bought them for the legitimate purpose of making money; captains, officers, and sailors were nurtured in them as reserves for the navy; and the British flag, without regard to the timbers that were under it, or the nationality of the men who put them together, still waved as it did before over every sea.

Suppose for an instant that the business of the world had continued to be transacted in wooden sailing ships, and that a ship-building lobby had persuaded the British Parliament to adopt an American policy. Would not America have triumphed as a maritime power over England, and might she not have congratulated herself upon the stupidity of her rival, as at this day not only England, but Germany, Holland, Denmark, Norway, Sweden, Italy, Spain, and even Mexico, whose flags are flying in our harbors on British-built steam-ships, whose merchants are enriched by owning them, and whose sailors are supported on the wages they earn upon them, congratulate themselves upon our willingness to pay them more than one hundred million dollars annually for carrying our merchandise and ourselves?

For this utter, downright incomprehensible stupidity, the United States, likewise without a navy, which, if it existed, would have no merchant marine for its legitimate support, have

become the laughing stock of the world, as Great Britain would justly have been if her policy in 1849 had corresponded with ours of the present day. It is simply and entirely because we would not "do as England has done," and as all other nations have done; it is because we would not confer liberty upon our ship-owners; because instead of stimulating the energies of our mechanics by wholesome competition we have lulled them into security by the opiate of protection, that we find ourselves to-day almost literally without ships or sailors for the purposes of peace or of war.

JOHN CODMAN.